

Message Text

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C O N F I D E N T I A L PANAMA 2472

E.O. 11652: GDS
TAGS: PFOR, PN, LY
SUBJECT: TORRIJOS IN LIBYA

REFS: A. PANAMA 1993; B. PANAMA 2267

SUMMARY: ALTHOUGH OTHER FACTORS ENTER HIS THINKING, TORRIJOS' PRINCIPAL REASON FOR GOING TO LIBYA APPEARS TO BE MONEY. WHILE POSSIBLE, A MAJOR SHIFT IN PANAMA'S GUARDEDLY PRO-ISRAEL STANCE IS UNLIKELY, THOUGH A TREND AWAY FROM FAVORING ISRAEL TOWARD GREATER NEUTRALITY IS PROBABLE. WE DO NOT BELIEVE TORRIJOS INTENDS TO CONSUMMATE ANY SUBSTANTIAL ARMS DEALS. THE TRIP IS UNDOUBTEDLY INTENDED TO HAVE A POSITIVE EFFECT ON TORRIJOS' SAGGING DOMESTIC POPULARITY. WE DOUBT THAT IT WILL. THE COST OF THE TRIP HAS ALREADY ATTRACTED ADVERSE PUBLIC COMMENT, STINGING TORRIJOS TO A PUBLIC REBUTTAL. IF THE TRIP BRINGS NO ECONOMIC RETURN, IT WILL MERELY ADD TO THE EROSION OF TORRIJOS' POSITION AT HOME. END SUMMARY.

1. THE NATURAL QUESTIONS ABOUT THIS TRIP ARE WHY LIBYA, AND WHY
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NOW? THAT THE USG WILL BE UNHAPPY AT SEEING OMAR AND MUAMMAR CONSORTING TOGETHER, TORRIJOS DOUBTLESS KNOWS. SEVERAL ITEMS EXIST TO COUNTER-BALANCE THIS. IN THE FIRST PLACE, TORRIJOS BELIEVES THE TRIP WILL BURNISH HIS IMAGE AS A THIRD WORLD LEADER AND FIRM UP THIRD WORLD SUPPORT FOR PANAMA ON THE CANAL ISSUE.

2. SECONDLY, WE BELIEVE TORRIJOS HOPES THAT BEING SEEN WITH QADHAFI WILL HELP HIM WITH HIS LOCAL RADICALS, PARTICULARLY STUDENTS. THERE IS ALSO THE PERSONAL QUIRK THAT TORRIJOS SIMPLY CANNOT SIT STILL.

3. BUT WE SEE THE FUNDAMENTAL MOTIVATING FACTOR AS MONEY. TORRIJOS SEEMS TO PICTURE QADHAFI AS A MAN WHO CAN WHIP OUT A PEN AND WRITE A NINE-FIGURE CHECK IF HE PLEASES. TORRIJOS IS WELL AWARE THAT HE NEEDS MONEY, AND BADLY. THE DELEGATION HE IS TAKING TO RIPOLI (REF B) IS LADEN WITH ECONOMIC ADVISORS. THERE HAS BEEN TALK FOR MONTHS THAT TORRIJOS WANTS TO HIT LIBYA FOR A LARGE SUM -- \$200 MILLION IS THE MOST FREQUENTLY CITED FIGURE. MOST OF PANAMA'S POLITICALLY LITERATE ASSUME THAT HE HAS ALREADY BEEN PROMISED A BIG AND ATTRACTIVE PACKAGE. REGARDLESS OF WHETHER THAT IS TRUE, TORRIJOS SEEMS TO BELIEVE THAT HE HAS DEVELOPED A SPECIAL RELATIONSHIP WITH QADHAFI THAT SHOULD LEAD TO A BIG CHUNK OF FINANCIAL AID.

4. WHAT MAY WE EXPECT FROM THE TRIP? THERE WILL BE A JOINT COMMUNIQUE WITH THE USUAL THIRD WORLD THEMES. LIBYA WILL ENDORSE PANAMA'S ASPIRATIONS ON THE CANAL. THE TWO WILL AGREE TO SUPPORT THE REST OF THE THIRD WORLD CATECHISM. THEY WILL PROBABLY SIGN A CULTURAL AGREEMENT AND SOME SORT OF ECONOMIC AGREEMENT--PERHAPS PLEDGING LIBYA TO STUDY PANAMA'S STATUS AS A FINANCIAL CENTER AND BANKING METROPOLIS.

5. WHAT ABOUT THE MID-EAST? PANAMA HAS PREVIOUSLY BEEN FIARLY CONSISTENTLY IN THE PRO-ISRAEL CAMP. THIS HAS BEGUN TO ERODE IN RECENT MONTHS. THE LOCAL JEWISH COMMUNITY IS LESS SURE OF ITS CONFIDENTIAL

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POSITION THAN BEFORE. WHEN IT MEETS WITH TORRIJOS, IT NOW GETS LESS CORDIALITY, AND INQUIRIES ABOUT WHAT ISRAEL HAS DONE FOR PANAMA. U.S. INFLUENCE IN PANAMAON THIS PARTICULAR ISSUE IS NOT GREAT. ISRAELI INFLUENCE IS WANING.

6. BUT THESE VARIOUS INFLUENCES ARE FAR FROM INCONSEQUENTIAL. TORRIJOS DOES KNOW THAT BEING SEEN AS PRO-ISRAEL WILL HELP HIM IN THE US. IT WILL ALSO HELP HIM WITH AN INFLUENTIAL AND GENERALLY FRIENDLY JEWISH COMMUNITY IN PANAMA, ONE WHICH INCLUDES HIS OWN WIFE. BECOMING UNEQUIVOCALLY PRO-ARAB (AND THUS ANTI-ISRAEL) IN THE MID-EAST CONTEXT WOULD COST HIM IN PANAMA, AND HE KNOWS IT. IF QADHAFI SHOULD INDEED OFFER TO TRADE A CHECK IN NINE FIGURES FOR PANAMA'S OPEN SUPPORT, TORRIJOS COULD PERHAPS BE HAD (THOUGH WE DOUBT THAT PANAMA IS WORTH THIS TO LIBYA). EVEN SO, RORRIJOS WOULD TRY TO KEEP THE POLITICAL PRICE DOWN. HE IS VERY UNLIKELY TO BREAK RELATIONS WITH ISRAEL, ALLOW A PLO OFFICE IN PANAMA OR OTHERWISE FOUL HIS NEST IRREVOCABLY WITH ISRAEL.

7. WE DOUBT VERY MUCH THAT TORRIJOS WILL MAKE A MAJOR ARMS DEAL.

HIS DELEGATION IS SHORT ON MILITARY PEOPLE. FEEDBACK ON THE NORIEGA-CONTRERAS PREPARATORY VISIT TO LIBYA LAST MONTH INDICATES THERE WAS NO SERIOUS TALKS OF ARMS DEALS. FURTHER, WE SEE NO SIGN THAT LIBYA HAS ANYTHING IN PARTICULAR THAT THE NATIONAL GUARD AS A WHOLE WANTS. SOME VAGUE REFERENCE TO MILITARY COOPERATION, HOWEVER, IS FAIRLY LIKELY.

8. WE ALSO DOUBT TORRIJOS WILL USE TRIPOLI FOR A MAJOR NEW INITIATIVE ON THE CANAL ISSUE. THE FORUM IS TOO FAR AWAY FROM PROSPECTIVE AUDIENCES IN PANAMA, THE US OR ELSEWHERE IN LATIN AMERICA. THOSE WHO WILL ACCOMPANY HIM ARE ON THE PERIPHERY OF PANAMA'S FOREIGN POLICY PROCESS.

9. THERE APPEARS TO BE LITTLE CHANCE THAT THE VISIT WILL PROVIDE TORRIJOS WITH A POLITICAL FILLIP DOMESTICALLY. FOREIGN TRAVEL HAS ABOUT RUN ITS COURSE AS A STIMULANT FOR THE REGIME'S FORTUNES. HIS TRIP TO CUBA BROUGHT MIXED AND EPHEMERAL RESULTS. A DULL
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THUD GREETED HIS RETURN FROM SRI LANKA IN AUGUST 1976 UNLESS TORRIJOS COMES HOMES WITH AN IMPRESSIVE MONETARY HAUL, HE CAN GAIN NOTHING FROM THE TRIP.

10. THIS IS PARTICULARLY THE CASE WITH THE STUDENTS. EVEN IF OMAR SHOULD COME HOME WITH ENOUGH MONEY TO ASTOUND THE LOCAL ECONOMIC COMMUNITY, WE SEE LITTLE THAT WOULD DIMINISH THE BITTER TASTE IN THE STUDENTS' MOUTHS ABOUT TORRIJOS AND HIS GOVERNMENT.

11. THE PRINCIPAL POPULAR REACTION TO THE TRIP TO DATE HAS BEEN ADVERSE, OR SNIDE, COMMENTS ABOUT ITS COST. TORRIJOS HAS BEEN UNCHARACTERISTICALLY APOLOGETIC ON THIS POINT, CALLING THE TRIP A "WORKING" VISIT, POINTING OUT THAT HIS HOSTS WILL PAY MUCH OF THE COSTS AND OBSERVING ALSO THAT MOST OF HIS LARGE DELEGATION WILL BEAR ITS OWN EXPENSES.

12. IN SHORT, WE BELIEVE TORRIJOS IS MAKING THE TRIP PRIMARILY FOR MONEY AND THE DOMESTIC POLITICAL STABILITY THAT THIS COULD BUY FOR HIM. BIG MONEY WILL GIVE HIM A SMALL POLITICAL PLUS; WE DO NOT EXPECT THIS. SMALLER AMOUNTS (UP TO \$50 MILLION?) WOULD PROBABLY LEAD TO A POLITICAL DRAW. COMING HOME EMPTY-HANDED WITH LITTLE MORE THAN PROMISES WOULD NOT PROVOKE A MAJOR CIRSIS FOR HIM. BUT IT WOULD ADD FURTHER TO THE EROSION OF HIS DOMESTIC POSITION.

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